



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking to Implement
The California Renewables Portfolio Standard
Program.

Rulemaking 04-04-026
(Filed April 22, 2004)

**RESPONSE OF THE CONCENTRATED SOLAR POWER ALLIANCE TO THE
PETITION OF THE CALIFORNIA WIND ENERGY ASSOCIATION AND GREEN
POWER INSTITUTE FOR MODIFICATION OF DECISION 05-12-042**

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July 17, 2007

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I. INTRODUCTION

Pursuant to Rule 16.4(f) of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure and Administrative Law Judge ("ALJ") Simon's Ruling on the California Wind Energy Association's ("CalWEA") and the Green Power Institute's ("GPI") Motion to Expedite, the Concentrated Solar Power Alliance¹ ("CSPA") respectfully submit this Response to CalWEA's and GPI's Petition to Modify Decision 05-12-042.² CSPA supports CalWEA's and GPI's Petition to Modify Decision 05-12-042 Interim Opinion Adopting Methodology for the 2005 Market Price Referent ("MPR"), which seeks an order modifying Decision 05-12-042 to include a greenhouse gas ("GHG") adder in the 2007 and successive MPRs for the Renewables Portfolio Standard ("RPS") solicitations. CSPA believes the inclusion of a GHG adder would be an important first step toward rectifying various deficiencies in the current MPR.

¹ CSPA is a coalition that includes Solel, Inc., Brightsource Energy, Inc., Solucar, Inc., and Ausra, Inc.

² CSPA is filing a motion for party status for leave to intervene in these proceedings simultaneously with this response.

II. DISCUSSION

A. The 2007 MPR and Successive MPRs Need to Include a GHG Adder to Accurately Reflect the Cost of Renewable Energy

CSPA agrees with CalWEA and GPI that Decision 05-12-042 should be modified to include a GHG adder. The Commission declined to adopt a GHG adder in Decision 05-12-042, stating that such adoption was premature.³ The Commission supported the idea, however, that the MPR should include a GHG adder when the costs of mitigating carbon emissions became an "out-of-pocket expense incurred by the conventional fired generator."⁴ CSPA agrees with CalWEA and GPI that the passage of AB 32 and SB 1368 constitutes definitive, concrete law aimed at creating regulatory programs to curb GHG emissions. With the advent of these statutes, the Commission's pre-requisite of "sufficiently concrete market impacts"⁵ has been met. The time has come to include a GHG adder in the 2007 MPR and successive MPRs.

B. A GHG Adder is the First Step in Developing a More Robust MPR

In addition to the immediate inclusion of a GHG adder in the 2007 MPR and subsequent MPRs, the Commission should convene a proceeding to re-evaluate the MPR methodology in its entirety in order to make the MPR a more accurate reflection of the cost of nonrenewable energy. The Commission should establish a schedule for this proceeding such that the re-evaluation of the MPR methodology will be complete prior to the issuance of the 2008 MPR. The RPS program is designed to be one in which participants compete based upon their total costs, including indirect and integration costs. Pub. Util. Code § 399.15. The addition of a GHG adder is merely the first step toward making the MPR a viable and accurate reflection of the true cost, including indirect costs, of non-renewable energy. The Commission should consider including

³ See D.05-12-042 at 48.

⁴ *Id.*

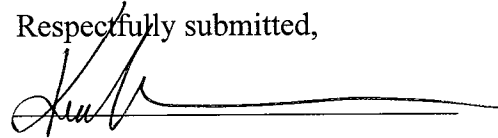
⁵ *Id.*

environmental externalities and natural gas hedging values in the MPR, among other things. If the Commission is to achieve its aggressive RPS goals, it is important that the MPR reflect the true cost of non-renewable energy.

III. CONCLUSION

For the foregoing reasons, CSPA respectfully requests the Commission modify Decision 05-12-042 to include a GHG adder in the annual MPR and convene a separate proceeding to consider the MPR methodology generally.

Respectfully submitted,



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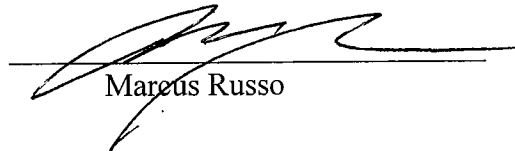
Certificate of Service

I hereby certify that I have this day served a copy of the

Response of the Concentrated Solar Power Alliance to the Petition of the California Wind Energy Association and Green Power Institute for Modification of Decision 05-12-042

on all known parties to R.04-04-026 and R.06-02-012 by sending a copy via electronic mail and by mailing a properly addressed copy by first-class mail with postage prepaid to each party named in the official service list without an electronic mail address.

Executed on July 18, 2007, at San Francisco, California.



Marcus Russo

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